



ASTRA INDUSTRIAL GROUP
A SAUDI JOINT STOCK COMPANY

POLICY, STANDARDS AND PROCEDURES FOR MEMBERSHIP
IN THE BOARD OF DIRECTORS

THIS REGULATION WAS APPROVED IN ACCORDANCE WITH THE RESOLUTION OF
THE ORDINARY GENERAL ASSEMBLY OF ASTRA INDUSTRIAL GROUP COMPANY
HELD ON 11/04/2021 CORRESPONDING TO 29/08/1442 H

Contents

- Article (1): General Introduction
- Article (2): Membership in the Board of Directors
- Article (3): Conditions for Board Membership
- Article (4): Procedures for Candidacy to the Membership of the Board of Directors
- Article (5): Termination of Board's Membership
- Article (6): Remuneration of Board Members

Article (1): Introduction

- 1/1 This regulation was prepared in accordance with the requirements of the Corporate Governance Regulations for Listed Companies issued by the Board of Capital Market Authority in accordance with Resolution No. (8-16-2017) dated 16/5/1438 H.
- 1/2 This regulation includes the policies, standards, procedures, and requirements for the membership of the company's Board of Directors which shall come into force immediately as soon as it is approved by the general assembly.

Article (2): Board membership

- 2/1 The company shall be managed by a board of directors consisting of nine members for a period not exceeding three years, duly elected by the company's general assembly. The majority of its members shall be from none executives and its independent members should not be less than two members or one third of the board members, whichever is more.
- 2/2 It is not allowed to combine between the positions of the chairman of the board of directors with any other executive position in the company.
- 2/3 The members of the board of directors must not hold the membership of more than five companies listed in the market at the same time.

Article (3): Conditions for Membership to the Board of Directors

- 3/1 The Nominations and Remunerations Committee shall set up the general criteria and requirements for the membership of the Board of Directors, provided that the member of the Board of Directors is of a professional competence who possesses the experience, knowledge, skill and independence necessary to enable him exercise his duties efficiently and competently, taking into account, and, in particular, the following:
- a) Possessing leadership skills that qualify him to grant powers, which leads to stimulating performance, applying best practices in the field of effective management, and adherence to professional values and ethics.
 - b) He must have the academic qualifications, professional skills and practical experience relevant to the company's current activities.
 - c) He shall have the technical leadership, and administrative ability as well as the legitimacy to take decisions and understand the technical requirements related to the progress of work and he shall, further, be able to provide strategic directions, planning and have a clear future vision.

- d) He should have the ability to read, analyze and understand financial statements and reports.
- e) He should not have any health restrictions that may prevent him from exercising his duties and responsibilities.

3/2 The independent member of the board of directors must be able to exercise his duties, express his opinions, and vote on the decisions objectively and impartially, which helps the board of directors to take sound decisions that contribute to achieving the interests of the company.

3/3 The Board of Directors should conduct an annual evaluation of the extent to which the member's independence is achieved and to ensure that there are no relationships or circumstances that affect or may affect his performance.

3/4 The following is inconsistent with the independence necessary for an independent member of the board of directors – including for example, but not limited to:

- a) If he owns five percent or more of the company's shares or of the share of another company in its group, or he is related to the individual who owns such percentage.
- b) If he is a representative of a legal individual who owns five percent or more of the company's shares or of the shares of another company from its group.
- c) If he has kinship with any of the members of the board of directors in the company or in another company of its group.
- d) If he has kinship with any of the senior executives of the company or any other company of its group.
- e) If he is a member of the board of directors of another company from the group of the company nominated for membership in its board of directors.
- f) If he works or have worked as an employee during the past two years for the company or any party dealing with it or another company of its group as auditors and major suppliers, or have been the owner of controlling shares with any of those parties during the past two years.
- g) If he has a direct or indirect interest in the business and contracts made for the company's account.

- h) If he receives sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of SR. (200,000) Saudi Riyals or for (50%) of his remuneration in the previous year that he received in return for membership of the Board of Directors or any of its committees, whichever is less.
- i) If he participates in a business that would compete with the company, or trade in one of the branches of the company's activity.
- j) He must have spent more than nine consecutive or separate years as a member of the company's board of directors.

5/3 It is not considered as an interest that negates the independence of the member of the board of directors, for which a prior authorization must be obtained from the ordinary general assembly that has to be renewed every year, businesses and contracts that are done with the member of the board of directors to meet his personal needs if such businesses and contracts are made in the same terms and conditions as the company with the general contractors and dealers and it was within the company's usual activity, unless the nominations Committee sees otherwise.

3/6 The General Assembly, when electing the members of the Board of Directors, shall take into consideration the recommendations of the Nomination Committee and the availability of the personal and professional components necessary to effectively perform their duties in accordance with what is stated hereof in this article.

Article (4): Nomination Procedures for Membership in the Board of Directors

4/1 The candidate for membership in the Board of Directors shall submit his nomination papers and documents according to the following:

- a) The registered mail of the address of the company's head office addressed to the company's secretariat office.
- b) Delivery shall be made directly to the company's secretariat office.

4/2 The documents required for nomination to the membership in the Board of Directors shall include the following:

4/2/1 The application submitted for nomination must include an introduction about the candidate through his CV, his qualifications, and his experience in the company's field of business.

4/2/2 The candidate who has previously served as a member of the board of directors of one of other joint-stock companies must submit a statement showing the number and date of the boards of directors of the companies to which he is currently or formerly a member.

4/2/3 A list of companies or establishments that he jointly manage or own and that carry out businesses similar to the company's business.

4/2/4 If the candidate has previously served as a member of the company's board of directors, he must attach, with the application of nomination, a statement from the company's management about the last term in which he became a board member, including the following information:

- a) The number of board meetings that took place during each year of the term, the number of meetings attended by the member in person, and the percentage of his attendance to the total number of meetings.
- b) The standing permanent committees in which the member participated and the number of meetings held by each of those committees during each year of the session.
- c) A summary of the financial results achieved by the company during each year of the session.

4/3 Whoever wishes to nominate himself for membership to the Board of Directors shall disclose to the Board and to the General Assembly any conflict of interest in accordance with the procedures established by the authority, including:

- a) Having a direct or indirect interest in the business and contracts made for the account of the company he wishes to run for its board of directors.
- b) His participation in a business that would compete with the company or compete with the company in one of the branches of the activity it is engaged in.

4/4 The Nominations and Remunerations Committee shall revise the submitted nominations and accordingly select the candidates who will be included in the list of candidates in accordance with the approved criteria, taking into account that no person has ever been convicted of a crime against honor and integrity. The relevant recommendations of the Committee will be submitted to the Board of Directors.

4/5 The company will announce on the market's website the information about the candidates for membership of the board of directors or invite the general assembly, provided that such information shall include a description of the candidates' experiences, qualifications, jobs and previous and current memberships. The company will provide a copy of such information on its head office and website.

4/5 Voting in the General Assembly shall be limited to the candidates for membership to the Board of Directors whose information the company has announced in accordance with the previous paragraph.

4/6 The cumulative voting method shall be the method used when voting for the selection of the members of the Board of Directors in the General Assembly.

Article (5): Termination of the Membership of the Board of Directors:

5/1 The membership of the board of directors will end in accordance with what is stipulated in the company's articles of association and the Saudi Companies Law.

5/2 The General Assembly may - based on a recommendation from the Board of Directors - terminate the membership of any of its members who fail to attend three consecutive meetings of the Board without a legitimate excuse.

5/3 If the member of the Board of Directors resigns, while having notes on the company's performance, he must submit a written statement of such notes to the Chairman of the Board of Directors. Such statement must be presented to the members of the Board of Directors.

5/4 When the membership of a member of the Board of Directors terminates by one of the methods of termination of membership, the company will immediately notify the authority and the market with a statement of the relevant reasons thereof.

5/5 If the position of a member of the Board becomes vacant, the Board may temporarily appoint a member in the vacant position, provided that he is one of those who have sufficient experience and competence, and the Ministry of Commerce and the authority must be informed of the same within five working days from the date of appointment. This appointment shall be presented to the General Assembly in its first meeting, and the new member will complete the term of his predecessor.

5/6 If the necessary conditions required for the meeting of the Board are not met due to the number of its members being less than the minimum stipulated in the Companies Law or this By-Law, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to appoint the necessary number of members.

5/7 The company must notify the authority of the names of the members of the Board of Directors and their membership descriptions within five working days from the date of the start of the term of the Board of Directors or from the date of their appointment - whichever is sooner – along with any changes that occur to their membership within five working days from the date of the changes taking place.

- **Article Six: Board Members' Remuneration:**

The remuneration of the Board of Directors and the committees emanating from it - in return for their membership in the Board – shall consist of a certain amount or attendance allowance for the sessions (Equivalent to an amount of three thousand Riyals for each meeting of the Board or its committees) or benefits in kind or cash, and two or more of these benefits may be combined together. In all cases, the sum of the remunerations and financial or in-kind benefits that a member of the Board of Directors receives shall not exceed five hundred thousand Riyals annually in accordance with the provisions of the company's articles of association and the companies' act and its rules and regulations in accordance with the controls set forth by the competent authority.